

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 579**

Introduced by Louden, 49; Carlson, 38; Christensen, 44; Hudkins,  
21; Kopplin, 3; Wallman, 30

Read first time January 17, 2007

Committee: Natural Resources

A BILL

1 FOR AN ACT relating to renewable energy; to amend section 70-1012,  
2 Reissue Revised Statutes of Nebraska; to permit small  
3 customer-generators to generate power for their own use  
4 from alternative energy sources; to require utilities  
5 to accommodate customer-generators; to define terms; to  
6 create an exemption for approval by the Nebraska Power  
7 Review Board; and to repeal the original section.  
8 Be it enacted by the people of the State of Nebraska,

1           Section 1. The Legislature finds that it is in the  
2 interest of the state to:

3           (1) Facilitate investment in customer-owned renewable  
4 energy resources;

5           (2) Stimulate the economic growth of this state;

6           (3) Enhance the continued diversification of the energy  
7 resources used in this state as long as diversification does not  
8 shift fixed costs to other distribution system customers; and

9           (4) Ensure that electric consumers throughout the state  
10 are treated equitably when providing incentives for renewable  
11 energy development that benefits the state.

12           Sec. 2. For purposes of sections 1 to 5 of this act:

13           (1) Customer-generator means the end use customer that is  
14 the owner or operator of a qualified generation unit;

15           (2) Facility charges means the local distribution  
16 system's costs associated with providing electric service for the  
17 customer-generator that are not avoidable by the local distribution  
18 utility as a result of the operation of a qualified generation  
19 unit;

20           (3) Local distribution system means any system utilized  
21 for the distribution of electric energy to the end use consumer.  
22 Transmission facilities rated higher than 69 kilovolts shall not be  
23 considered a component of the local distribution system;

24           (4) Local distribution utility means a public power  
25 district, public power and irrigation district, individual

1 municipality, or nonprofit electric cooperative corporation which  
2 is the owner or operator of the local distribution system to which  
3 the customer-generator is interconnected;

4 (5) Qualified generation unit means a facility for  
5 the generation of electricity that meets each of the following  
6 requirements:

7 (a) The unit uses as its energy source solar, wind,  
8 biomass, or hydropower resources;

9 (b) The unit is located on premises that are  
10 owned, operated, leased, or otherwise controlled by the  
11 customer-generator;

12 (c) The unit operates parallel with the local  
13 distribution system;

14 (d) The unit is intended primarily to offset part of or  
15 all of the customer-generator's requirements for electric energy at  
16 the same location;

17 (e) The unit is not intended to offset or provide credits  
18 for electric consumption at another location owned, operated,  
19 leased, or otherwise controlled by the customer-generator or for  
20 any other customer; and

21 (f) The unit meets all applicable safety, performance,  
22 and reliability standards established by the National Electrical  
23 Code filed with the Secretary of State and adopted by the State  
24 Electrical Board under subdivision (5) of section 81-2104, the  
25 National Electrical Safety Code, the Institute of Electrical

1 and Electronics Engineers, Underwriters Laboratories, Inc., and  
2 the American National Standards Institute and shall meet the  
3 interconnection standards adopted by the local distribution  
4 utility;

5 (6) Customer-generator rate class means a rate class for  
6 customers that interconnect qualified generation units to the local  
7 distribution system; and

8 (7) Excess generation is the energy generated which  
9 exceeds the customer-generator's requirements for electric energy  
10 at the same location.

11 Sec. 3. (1) A local distribution utility  
12 shall interconnect the qualified generation unit of any  
13 customer-generator that the local distribution utility serves if  
14 the customer-generator pays for any costs incurred by a local  
15 distribution utility for equipment or services required for safety  
16 or performance necessary to meet the standards referred to in  
17 this act.

18 (2) A local distribution utility may, at its own expense,  
19 install additional monitoring equipment to separately monitor the  
20 flow of electricity in each direction.

21 (3) A local distribution utility may create a  
22 customer-generator rate class or classes. Rate classes shall  
23 be based on a cost of service study, may be designated  
24 according to the size of a qualified generation unit, shall be  
25 non-discriminatory and may allow for facility charges to cover

1 the use of the distribution system. In addition, rates shall  
2 be developed for purchases or deliveries of electricity by the  
3 customer-generator. Such rates shall not be less than the wholesale  
4 power supply costs of the local distribution utility and shall  
5 provide monetary credits to the customer-generator for its excess  
6 generation deliveries. Monetary credits shall be applied to monthly  
7 bills of the customer-generator for the preceding monthly period  
8 and offset the cost of energy owed by the customer-generator. If  
9 the energy portion of the customer-generator's bill is less than  
10 zero in any month, monetary credits shall be carried over to future  
11 bills of the customer-generator until the balance is zero. At the  
12 end of the calendar year any excess monetary credits shall be paid  
13 out to coincide with the final bill of each calendar year.

14 (4) A local distribution utility shall not be liable  
15 directly or indirectly for permitting the interconnection of  
16 a qualified generation unit or for acts or omissions of the  
17 customer-generator that cause property damage or injury, including  
18 death, to any third-party, the local distribution utility or to the  
19 customer-generator. The distribution utility may require proof of  
20 liability insurance coverage.

21 Sec. 4. (1) A customer-generator shall at its own expense  
22 provide lockable switching equipment capable of isolating the  
23 qualified generation unit from the local distribution system. The  
24 equipment shall be approved by the local distribution utility and  
25 shall be accessible by the local distribution utility at all times.

1           (2) A customer-generator shall request an inspection  
2 from the State Electrical Division pursuant to subsection (1)  
3 of section 81-2124 or subsection (1) of section 81-2125 and  
4 shall provide documentation of the completed inspection to the  
5 local distribution utility prior to interconnection with the local  
6 distribution system.

7           (3) A customer-generator is responsible for notifying the  
8 local distribution utility of its intent to install a qualified  
9 generation unit at least sixty days prior to its installation  
10 and is responsible for all costs associated with the qualified  
11 generation unit including all costs related to any modifications to  
12 the qualified generation unit or the local distribution system that  
13 may be required for the purpose of safety and reliability.

14           Sec. 5. No local distribution utility may require  
15 a customer-generator whose qualified generation unit meets  
16 the standards of this act to comply with additional safety,  
17 performance, or reliability standards or to perform or pay for  
18 additional tests.

19           Sec. 6. Section 70-1012, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21           70-1012 Before any electric generation facilities or any  
22 transmission lines or related facilities carrying more than seven  
23 hundred volts are constructed or acquired by any supplier, an  
24 application, filed with the board and containing such information  
25 as the board shall prescribe, shall be approved by the board,

1 except that such approval shall not be required (1) for the  
2 construction or acquisition of a transmission line extension or  
3 related facilities within a supplier's own service area or for the  
4 construction or acquisition of a line not exceeding one-half mile  
5 outside its own service area when all owners of electric lines  
6 located within one-half mile of the extension consent thereto in  
7 writing and such consents are filed with the board, (2) for any  
8 generation facility when the board finds that: (a) Such facility is  
9 being constructed or acquired to replace a generating plant owned  
10 by an individual municipality or registered group of municipalities  
11 with a capacity not greater than that of the plant being replaced,  
12 (b) such facility will generate less than twenty-five thousand  
13 kilowatts of electric energy at rated capacity, and (c) the  
14 applicant will not use the plant or transmission capacity to supply  
15 wholesale power to customers outside the applicant's existing  
16 retail service area or chartered territory, ~~or~~ (3) for acquisition  
17 of transmission lines or related facilities, within the state,  
18 carrying one hundred fifteen thousand volts or less, if the current  
19 owner of the transmission lines or related facilities notifies the  
20 board of the lines or facilities involved in the transaction and  
21 the parties to the transaction, or (4) for the construction of a  
22 new, or the interconnection of an existing, qualified generation  
23 unit, as defined in section 2 of this act.

24           Sec. 7. Original section 70-1012, Reissue Revised  
25 Statutes of Nebraska, is repealed.